

ASSEMBLY BILL

No. 2553

Introduced by Assembly Member Weber

February 21, 2014

An act to amend Section 42238.02 of the Education Code, relating to school finance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2553, as introduced, Weber. School finance: local control funding formula.

Existing law establishes a public school financing system that requires state funding for county superintendents of schools, school districts, and charter schools to be calculated pursuant to a local control funding formula, as specified.

This bill would make a nonsubstantive change to that provision.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 42238.02 of the Education Code is
- 2 amended to read:
- 3 42238.02. (a) The amount computed pursuant to this section
- 4 shall be known as the school district and charter school local
- 5 control funding formula.
- 6 (b) (1) For purposes of this section “unduplicated pupil” means
- 7 a pupil enrolled in a school district or a charter school who is either
- 8 classified as an English learner, eligible for a free or reduced-price

1 meal, or is a foster youth. A pupil shall be counted only once for
2 purposes of this section if any of the following apply:

3 (A) The pupil is classified as an English learner and is eligible
4 for a free or reduced-price meal.

5 (B) The pupil is classified as an English learner and is a foster
6 youth.

7 (C) The pupil is eligible for a free or reduced-price meal and is
8 classified as a foster youth.

9 (D) The pupil is classified as an English learner, is eligible for
10 a free or reduced-price meal, and is a foster youth.

11 (2) Under procedures and timeframes established by the
12 Superintendent, commencing with the 2013–14 fiscal year, a school
13 district or charter school shall annually submit its enrolled free
14 and reduced-price meal eligibility, foster youth, and English learner
15 pupil-level records for enrolled pupils to the Superintendent using
16 the California Longitudinal Pupil Achievement Data System.

17 (3) (A) Commencing with the 2013–14 fiscal year, a county
18 office of education shall review and validate certified aggregate
19 English learner, foster youth, and free or reduced-price meal
20 eligible pupil data for school districts and charter schools under
21 its jurisdiction to ensure the data is reported accurately. The
22 Superintendent shall provide each county office of education with
23 appropriate access to school district and charter school data reports
24 in the California Longitudinal Pupil Achievement Data System
25 for purposes of ensuring data reporting accuracy.

26 (B) The Controller shall include the instructions necessary to
27 enforce paragraph (2) in the audit guide required by Section
28 14502.1. The instructions shall include, but are not necessarily
29 limited to, procedures for determining if the English learner, foster
30 youth, and free or reduced-price meal eligible pupil counts are
31 consistent with the school district's or charter school's English
32 learner, foster youth, and free or reduced-price meal eligible pupil
33 records.

34 (4) The Superintendent shall make the calculations pursuant to
35 this section using the data submitted by local educational agencies,
36 including charter schools, through the California Longitudinal
37 Pupil Achievement Data System. Under timeframes and procedures
38 established by the Superintendent, school districts and charter
39 schools may review and revise their submitted data on English
40 learner, foster youth, and free or reduced-price meal eligible pupil

counts to ensure the accuracy of data reflected in the California Longitudinal Pupil Achievement Data System.

(5) The Superintendent shall annually compute the percentage of unduplicated pupils for each school district and charter school by dividing the enrollment of unduplicated pupils in a school district or charter school by the total enrollment in that school district or charter school pursuant to all of the following:

(A) For the 2013–14 fiscal year, divide the sum of unduplicated pupils for the 2013–14 fiscal year by the sum of the total pupil enrollment for the 2013–14 fiscal year.

(B) For the 2014–15 fiscal year, divide the sum of unduplicated pupils for the 2013–14 and 2014–15 fiscal years by the sum of the total pupil enrollment for the 2013–14 and 2014–15 fiscal years.

(C) For the 2015–16 fiscal year and each fiscal year thereafter, divide the sum of unduplicated pupils for the current fiscal year and the two prior fiscal years by the sum of the total pupil enrollment for the current fiscal year and the two prior fiscal years.

(c) Commencing with the 2013–14 fiscal year and each fiscal year thereafter, the Superintendent shall annually calculate a local control funding formula grant for each school district and charter school in the state pursuant to this section.

(d) The Superintendent shall compute a grade span adjusted base grant equal to the total of the following amounts:

(1) For the 2013–14 fiscal year, a base grant of:

(A) Six thousand eight hundred forty-five dollars (\$6,845) for average daily attendance in kindergarten and grades 1 to 3, inclusive.

(B) Six thousand nine hundred forty-seven dollars (\$6,947) for average daily attendance in grades 4 to 6, inclusive.

(C) Seven thousand one hundred fifty-four dollars (\$7,154) for average daily attendance in grades 7 and 8.

(D) Eight thousand two hundred eighty-nine dollars (\$8,289) for average daily attendance in grades 9 to 12, inclusive.

(2) In each year the grade span adjusted base grants *specified* in paragraph (1) shall be adjusted by the percentage change in the annual average value of the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States, as published by the United States Department of Commerce for the 12-month period ending in the third quarter of the prior fiscal year. This percentage change shall be determined using the

1 latest data available as of May 10 of the preceding fiscal year
2 compared with the annual average value of the same deflator for
3 the 12-month period ending in the third quarter of the second
4 preceding fiscal year, using the latest data available as of May 10
5 of the preceding fiscal year, as reported by the Department of
6 Finance.

7 (3) (A) The Superintendent shall compute an additional
8 adjustment to the kindergarten and grades 1 to 3, inclusive, base
9 grant as adjusted for inflation pursuant to paragraph (2) equal to
10 10.4 percent. The additional grant shall be calculated by
11 multiplying the kindergarten and grades 1 to 3, inclusive, base
12 grant, as adjusted by paragraph (2), by 10.4 percent.

13 (B) Until paragraph (4) of subdivision (b) of Section 42238.03
14 is effective, as a condition of the receipt of funds in this paragraph,
15 a school district shall make progress toward maintaining an average
16 class enrollment of not more than 24 pupils for each schoolsite in
17 kindergarten and grades 1 to 3, inclusive, unless a collectively
18 bargained alternative annual average class enrollment for each
19 schoolsite in those grades is agreed to by the school district,
20 pursuant to the following calculation:

21 (i) Determine a school district's average class enrollment for
22 each schoolsite for kindergarten and grades 1 to 3, inclusive, in
23 the prior year. For the 2013–14 fiscal year, this amount shall be
24 the average class enrollment for each schoolsite for kindergarten
25 and grades 1 to 3, inclusive, in the 2012–13 fiscal year.

26 (ii) Determine a school district's proportion of total need
27 pursuant to paragraph (2) of subdivision (b) of Section 42238.03.

28 (iii) Determine the percentage of the need calculated in clause
29 (ii) that is met by funding provided to the school district pursuant
30 to paragraph (3) of subdivision (b) of Section 42238.03.

31 (iv) Determine the difference between the amount computed
32 pursuant to clause (i) and an average class enrollment of not more
33 than 24 pupils.

34 (v) Calculate a current year average class enrollment adjustment
35 for each schoolsite for kindergarten and grades 1 to 3, inclusive,
36 equal to the adjustment calculated in clause (iv) multiplied by the
37 percentage determined pursuant to clause (iii).

38 (C) School districts that have an average class enrollment for
39 each schoolsite for kindergarten and grades 1 to 3, inclusive, of
40 24 pupils or less for each schoolsite in the 2012–13 fiscal year,

1 shall be exempt from the requirements of subparagraph (B) so long
2 as the school district continues to maintain an average class
3 enrollment for each schoolsite for kindergarten and grades 1 to 3,
4 inclusive, of not more than 24 pupils, unless a collectively
5 bargained alternative ratio is agreed to by the school district.

6 (D) Upon full implementation of the local control funding
7 formula, as a condition of the receipt of funds in this paragraph,
8 all school districts shall maintain an average class enrollment for
9 each schoolsite for kindergarten and grades 1 to 3, inclusive, of
10 not more than 24 pupils for each schoolsite in kindergarten and
11 grades 1 to 3, inclusive, unless a collectively bargained alternative
12 ratio is agreed to by the school district.

13 (E) The average class enrollment requirement for each schoolsite
14 for kindergarten and grades 1 to 3, inclusive, established pursuant
15 to this paragraph shall not be subject to waiver by the state board
16 pursuant to Section 33050 or by the Superintendent.

17 (F) The Controller shall include the instructions necessary to
18 enforce this paragraph in the audit guide required by Section
19 14502.1. The instructions shall include, but are not necessarily
20 limited to, procedures for determining if the average class
21 enrollment for each schoolsite for kindergarten and grades 1 to 3,
22 inclusive, exceeds 24 pupils, or an alternative average class
23 enrollment for each schoolsite pursuant to a collectively bargained
24 alternative ratio. The procedures for determining average class
25 enrollment for each schoolsite shall include criteria for employing
26 sampling.

27 (4) The Superintendent shall compute an additional adjustment
28 to the base grant for grades 9 to 12, inclusive, as adjusted for
29 inflation pursuant to paragraph (2), equal to 2.6 percent. The
30 additional grant shall be calculated by multiplying the base grant
31 for grades 9 to 12, inclusive, as adjusted by paragraph (2), by 2.6
32 percent.

33 (e) The Superintendent shall compute a supplemental grant
34 add-on equal to 20 percent of the base grants as specified in
35 subparagraphs (A) to (D), inclusive, of paragraph (1) of subdivision
36 (d), as adjusted by paragraphs (2) to (4), inclusive, of subdivision
37 (d), for each school district's or charter school's percentage of
38 unduplicated pupils calculated pursuant to paragraph (5) of
39 subdivision (b). The supplemental grant shall be calculated by
40 multiplying the base grants as specified in subparagraphs (A) to

(D), inclusive, of paragraph (1), as adjusted by paragraphs (2) to (4), inclusive, of subdivision (d), by 20 percent and by the percentage of unduplicated pupils calculated pursuant to paragraph (5) of subdivision (b) in that school district or charter school. The supplemental grant shall be expended in accordance with the regulations adopted pursuant to Section 42238.07.

(f) (1) The Superintendent shall compute a concentration grant add-on equal to 50 percent of the base grants as specified in subparagraphs (A) to (D), inclusive, of paragraph (1) of subdivision (d), as adjusted by paragraphs (2) to (4), inclusive, of subdivision (d), for each school district's or charter school's percentage of unduplicated pupils calculated pursuant to paragraph (5) of subdivision (b) in excess of 55 percent of the school district's or charter school's total enrollment. The concentration grant shall be calculated by multiplying the base grants as specified in subparagraphs (A) to (D), inclusive, of paragraph (1) of subdivision (d), as adjusted by paragraphs (2) to (4), inclusive, of subdivision (d), by 50 percent and by the percentage of unduplicated pupils calculated pursuant to paragraph (5) of subdivision (b) in excess of 55 percent of the total enrollment in that school district or charter school.

(2) For a charter school physically located in only one school district, the percentage of unduplicated pupils calculated pursuant to paragraph (5) of subdivision (b) in excess of 55 percent used to calculate concentration grants shall not exceed the percentage of unduplicated pupils calculated pursuant to paragraph (5) of subdivision (b) in excess of 55 percent of the school district in which the charter school is physically located. For a charter school physically located in more than one school district, the charter school's percentage of unduplicated pupils calculated pursuant to paragraph (5) of subdivision (b) in excess of 55 percent used to calculate concentration grants shall not exceed that of the school district with the highest percentage of unduplicated pupils calculated pursuant to paragraph (5) of subdivision (b) in excess of 55 percent of the school districts in which the charter school has a school facility. The concentration grant shall be expended in accordance with the regulations adopted pursuant to Section 42238.07.

(g) The Superintendent shall compute an add-on to the total sum of a school district's or charter school's base, supplemental,

1 and concentration grants equal to the amount of funding a school
2 district or charter school received from funds allocated pursuant
3 to the Targeted Instructional Improvement Block Grant program,
4 as set forth in Article 6 (commencing with Section 41540) of
5 Chapter 3.2, for the 2012–13 fiscal year, as that article read on
6 January 1, 2013. A school district or charter school shall not receive
7 a total funding amount from this add-on greater than the total
8 amount of funding received by the school district or charter school
9 from that program in the 2012–13 fiscal year. The amount
10 computed pursuant to this subdivision shall reflect the reduction
11 specified in paragraph (2) of subdivision (a) of Section 42238.03.

12 (h) The Superintendent shall compute an add-on to the total
13 sum of a school district's or charter school's base, supplemental,
14 and concentration grants equal to the amount of funding a school
15 district or charter school received from funds allocated pursuant
16 to the Home-to-School Transportation program, as set forth in
17 former Article 2 (commencing with Section 39820) of Chapter 1
18 of Part 23.5, former Article 10 (commencing with Section 41850)
19 of Chapter 5, and the Small School District Transportation
20 program, as set forth in former Article 4.5 (commencing with
21 Section 42290), for the 2012–13 fiscal year. A school district or
22 charter school shall not receive a total funding amount from this
23 add-on greater than the total amount received by the school district
24 or charter school for those programs in the 2012–13 fiscal year.
25 The amount computed pursuant to this subdivision shall reflect
26 the reduction specified in paragraph (2) of subdivision (a) of
27 Section 42238.03.

28 (i) (1) The sum of the local control funding formula rates
29 computed pursuant to subdivisions (c) to (f), inclusive, shall be
30 multiplied by:

31 (A) For school districts, the average daily attendance of the
32 school district in the corresponding grade level ranges computed
33 pursuant to Section 42238.05, excluding the average daily
34 attendance computed pursuant to paragraph (2) of subdivision (a)
35 of Section 42238.05 for purposes of the computation specified in
36 subdivision (d).

37 (B) For charter schools, the total current year average daily
38 attendance in the corresponding grade level ranges.

39 (2) The amount computed pursuant to Article 4 (commencing
40 with Section 42280) shall be added to the amount computed

1 pursuant to paragraphs (1) to (4), inclusive, of subdivision (d), as
2 multiplied by subparagraph (A) or (B) of paragraph (1), as
3 appropriate.

4 (j) The Superintendent shall adjust the sum of each school
5 district's or charter school's amount determined in subdivisions
6 (g) to (i), inclusive, pursuant to the calculation specified in Section
7 42238.03, less the sum of the following:

8 (1) (A) For school districts, the property tax revenue received
9 pursuant to Chapter 3.5 (commencing with Section 75) and Chapter
10 6 (commencing with Section 95) of Part 0.5 of Division 1 of the
11 Revenue and Taxation Code.

12 (B) For charter schools, the in-lieu property tax amount provided
13 to a charter school pursuant to Section 47635.

14 (2) The amount, if any, received pursuant to Part 18.5
15 (commencing with Section 38101) of Division 2 of the Revenue
16 and Taxation Code.

17 (3) The amount, if any, received pursuant to Chapter 3
18 (commencing with Section 16140) of Part 1 of Division 4 of Title
19 2 of the Government Code.

20 (4) Prior years' taxes and taxes on the unsecured roll.

21 (5) Fifty percent of the amount received pursuant to Section
22 41603.

23 (6) The amount, if any, received pursuant to the Community
24 Redevelopment Law (Part 1 (commencing with Section 33000)
25 of Division 24 of the Health and Safety Code), less any amount
26 received pursuant to Section 33401 or 33676 of the Health and
27 Safety Code that is used for land acquisition, facility construction,
28 reconstruction, or remodeling, or deferred maintenance and that
29 is not an amount received pursuant to Section 33492.15, or
30 paragraph (4) of subdivision (a) of Section 33607.5, or Section
31 33607.7 of the Health and Safety Code that is allocated exclusively
32 for educational facilities.

33 (7) The amount, if any, received pursuant to Sections 34177,
34 34179.5, 34179.6, 34183, and 34188 of the Health and Safety
35 Code.

36 (8) Revenue received pursuant to subparagraph (B) of paragraph
37 (3) of subdivision (e) of Section 36 of Article XIII of the California
38 Constitution.

39 (k) A school district shall annually transfer to each of its charter
40 schools funding in lieu of property taxes pursuant to Section 47635.

1 (l) (1) Nothing in this section shall be interpreted to authorize
2 a school district that receives funding on behalf of a charter school
3 pursuant to Section 47651 to redirect this funding for another
4 purpose unless otherwise authorized in law pursuant to paragraph
5 (2) or pursuant to an agreement between the charter school and its
6 chartering authority.

7 (2) A school district that received funding on behalf of a locally
8 funded charter school in the 2012–13 fiscal year pursuant to
9 paragraph (2) of subdivision (b) of Section 42605, Section 42606,
10 and subdivision (b) of Section 47634.1, as those sections read on
11 January 1, 2013, or a school district that was required to pass
12 through funding to a conversion charter school in the 2012–13
13 fiscal year pursuant to paragraph (2) of subdivision (b) of Section
14 42606, as that section read on January 1, 2013, may annually
15 redirect for another purpose a percentage of the amount of the
16 funding received on behalf of that charter school. The percentage
17 of funding that may be redirected shall be determined pursuant to
18 the following computation:

19 (A) (i) Determine the sum of the need fulfilled for that charter
20 school pursuant to paragraph (3) of subdivision (b) of Section
21 42238.03 in the then current fiscal year for the charter school.

22 (ii) Determine the sum of the need fulfilled in every fiscal year
23 before the then current fiscal year pursuant to paragraph (3) of
24 subdivision (b) of Section 42238.03 adjusted for changes in average
25 daily attendance pursuant to paragraph (3) of subdivision (a) of
26 Section 42238.03 for the charter school.

27 (iii) Subtract the amount computed pursuant to paragraphs (1)
28 to (3), inclusive, of subdivision (a) of Section 42238.03 from the
29 amount computed for that charter school under the local control
30 funding formula entitlement computed pursuant to subdivision (i)
31 of Section 42238.02.

32 (iv) Compute a percentage by dividing the sum of the amounts
33 computed to clauses (i) and (ii) by the amount computed pursuant
34 to clause (iii).

35 (B) Multiply the percentage computed pursuant to subparagraph
36 (A) by the amount of funding the school district received on behalf
37 of the charter school in the 2012–13 fiscal year pursuant to
38 paragraph (2) of subdivision (b) of Section 42605, Section 42606,
39 and subdivision (b) of Section 47634.1, as those sections read on
40 January 1, 2013.

1 (C) The maximum amount that may be redirected shall be the
2 lesser of the amount of funding the school district received on
3 behalf of the charter school in the 2012–13 fiscal year pursuant to
4 paragraph (2) of subdivision (b) of Section 42605, Section 42606,
5 and subdivision (b) of Section 47634.1, as those sections read on
6 January 1, 2013, or the amount computed pursuant to subparagraph
7 (B).

8 (3) Commencing with the 2013–14 fiscal year, a school district
9 operating one or more affiliated charter schools shall provide each
10 affiliated charter school schoolsite with no less than the amount
11 of funding the schoolsite received pursuant to the charter school
12 block grant in the 2012–13 fiscal year.

13 (m) Any calculations in law that are used for purposes of
14 determining if a local educational agency is an excess tax school
15 entity or basic aid school district, including, but not limited to, this
16 section and Sections 42238.03, 41544, 47632, 47660, 47663,
17 48310, and 48359.5, and Section 95 of the Revenue and Taxation
18 Code, shall be made exclusive of the revenue received pursuant
19 to subparagraph (B) of paragraph (3) of subdivision (e) of Section
20 36 of Article XIII of the California Constitution.

21 (n) The funds apportioned pursuant to this section and Section
22 42238.03 shall be available to implement the activities required
23 pursuant to Article 4.5 (commencing with Section 52060) of
24 Chapter 6.1 of Part 28 of Division 4 of Title 2.

25 (o) A school district that does not receive an apportionment of
26 state funds pursuant to this section, as implemented pursuant to
27 Section 42238.03, excluding funds apportioned pursuant to the
28 requirements of subdivision (e) of Section 42238.03 shall be
29 considered a “basic aid school district” or an “excess tax entity.”